

Message Text

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TO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 087195

E.O. 11652: GDS

TAGS: EAIR, JA

SUBJECT: CIVAIR - US-JAPAN NEGOTIATIONS, APRIL 4-8

REF: (A) STATE 79634; (B) TOKYO 5107

1. SUMMARY: US-JAPAN CIVAIR TALKS CONCLUDED APRIL 8.
ALTHOUGH NONE OF OUTSTANDING ISSUES WERE SETTLED, SOME
PROGRESS WAS MADE TOWARD RESOLUTION OF SAIPAN PROBLEM.
OTHER MAJOR ITEMS DISCUSSED INCLUDED US SUPPLEMENTAL
CHARTER ISSUE AND COMPREHENSIVE JAPANESE REVISION PROPOSAL
(I.E., PREDETERMINED 50-50 CAPACITY, MIRROR RECIPROCITY
AND LIMITED AIRLINE DESIGNATION ON ROUTES). US SIDE AGREED
TO CONSIDER REASONABLE JAPANESE PROPOSALS ON ROUTES AND
CAPACITY JUST AS SOON AS SAIPAN ISSUE RESOLVED AND JAPANESE
IMPLEMENT SUPPLEMENTALS' 70 FLIGHTS QUOTA. JAPANESE
APRIL 8 PROPOSAL RE SAIPAN NARROWED DIFFERENCES AND COULD
LEAD TO SOLUTION. JAPANESE INDICATED THEY WOULD STUDY
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SUPPLEMENTAL SLOT PROBLEM. DELEGATIONS AGREED CONTINUE
DIALOGUE ON IMMEDIATE ISSUES. JAPANESE ASKED TO HAVE NEXT
ROUND OF TALKS IN TOKYO FOR TWO-WEEK PERIOD DURING FIRST
HALF OF MAY BUT SINCE USDEL WAS NOT PREPARED FIX DATE FOR
REVISION TALKS UNTIL IMMEDIATE ISSUES SETTLED, IT WAS
AGREED TO DISCUSS DATES OF NEXT ROUND THROUGH DIPLOMATIC
CHANNELS. END SUMMARY.

2. ALTHOUGH BOTH US AND JAPANESE DELEGATIONS AGREED AT OPENING SESSION THAT SAIPAN ISSUE HAD PRIORITY, JAPANESE DEL INSISTED TIME MUST BE GIVEN TO JAPAN'S INTEREST RE REVISION OF BILATERAL AGREEMENT. USDEL REPEATED ITS POSITION THAT UNTIL SAIPAN AND SUPPLEMENTAL CHARTER ISSUES WERE RESOLVED, IT COULD NOT FULLY CONSIDER JAPAN'S REVISION DEMANDS. ALTHOUGH THIS TACTICAL DIFFERENCE REMAINED UNRESOLVED, BOTH SIDES HAD APPROXIMATELY EQUAL TIME DURING WEEK TO PRESENT TOPICS OF PARTICULAR INTEREST.

3. SAIPAN. DISCUSSION OF SAIPAN WAS INITIATED BY PRESENTATIONS READ TO BOTH DELEGATIONS BY THE WASHINGTON LIAISON OFFICERS OF THE NORTHERN MARIANAS ISLANDS AND THE CONGRESS OF MICRONESIA. JDEL WANTED TO TREAT THESE PRESENTATIONS AS FALLING OUTSIDE FORMAL MEETINGS AND WE ACCEPTED THIS FORMAT. ON MONDAY JDEL MADE THE FOLLOWING PROPOSAL: JAPAN WOULD ALLOW AIR MICRONESIA (AM) TO OPERATE TWO WEEKLY FREQUENCIES BETWEEN SAIPAN AND TOKYO AND, IN RETURN, USG WOULD AGREE TO (1) ABANDON 1959 AGREED MINUTE; (2) RENOUNCE RIGHTS TO UNUSED PORTION OF US TIME SLOTS AT HANEDA (APPARENTLY US QUOTA IS 342 SLOTS BUT ONLY 328 ARE USED; PROPOSED NEW QUOTA WOULD THEREFORE BE 328 PLUS FOUR SLOTS FOR SAIPAN SERVICE); (4) LIMIT OPERATION OF SAIPAN ROUTE TO END OF 1977; (5) INCLUDE SAIPAN ROUTE IN GENERAL REVISION TALKS; (6) LIMIT AM TO NO ON-ROUTE CHARTERS; AND (7) JAPANESE TURNAROUND RIGHTS AT SAIPAN AS WELL AS RIGHTS BEYOND SAIPAN TO MICRONESIA. USDEL STATED MINIMUM FREQUENCIES FOR VIABLE OPERATION OF SAIPAN-TOKYO

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ROUTE WAS SEVEN BUT SERVICE COULD START WITH FOUR FLIGHTS JUNE 1 AND INCREASE TO SEVEN, OCTOBER 1. AM WOULD BE PREPARED DEFER SAIPAN-OSAKA SERVICE. AIRCRAFT WOULD BE B-272-100 (98 PASSENGERS). WE REJECTED ABANDONMENT OF AGREED MINUTE, TIME LIMITATION ON AUTHORITY, RIGHTS BEYOND SAIPAN, BUT ACCEPTED SAIPAN TURNAROUND RIGHTS FOR JAL AND INCLUSION OF SAIPAN IN GENERAL REVISION TALKS. ON FRIDAY FOLLOWING PRIVATE AND PLENARY DISCUSSIONS, JDEL CHANGED PROPOSAL AS FOLLOWS: UNTIL PRESENT BILATERAL REVIEWED, EFFECT OF AGREED MINUTE WOULD BE SUSPENDED AND US CAPACITY AND FREQUENCY INCREASES WOULD REQUIRE GOJ APPROVAL. ALSO, JAL RIGHTS BEYOND SAIPAN TO MICRONESIA WOULD BE CONSIDERED IN REVISION TALKS. REGARDING FREQUENCIES, JDEL MAINTAINED OFFER OF TWO WEEKLY FREQUENCIES BUT ALLOWED THAT, IN CASE ADDITIONAL SLOTS COULD BE FOUND FROM SLOTS ALLOTTED TO US AIRLINES AND IF JAL AGREEMENT IS OBTAINED, FREQUENCIES COULD BE INCREASED TO FOUR AS OF JUNE 1 AND 7 ON OCTOBER 1. POSITION ON CHARTERS, UNUSED SLOTS AND JAL TURNAROUND AT SAIPAN REMAINED THE SAME AND TIME LIMIT WAS DROPPED. USDEL

NOTED THAT NEW PROPOSAL REPRESENTED PROGRESS BUT THAT SEVERAL FEATURES REQUIRED EXTENSIVE STUDY. BECAUSE TALKS

WERE VIRTUALLY OVER, FURTHER CONSULTATIONS ON PROPOSAL WOULD BE CONDUCTED THROUGH "APPROPRIATE" CHANNELS.

4. FYI. ALTHOUGH WORDING RE AGREED MINUTE MAKES IT EASIER TO SWALLOW, USG IS FACED WITH PROBABLE REQUESTS BY US AIRLINES FOR CAPACITY INCREASES THIS WINTER. USE OF US AIRLINE SLOTS BY AM NOW BEING EXPLORED WITH RESPECTIVE AIRLINES. JAL'S POSSIBLE VETO OF AM FREQUENCIES IS CLEARLY NOT ACCEPTABLE, AND WE SO TOLD JDEL. IMPLICATIONS OF SURRENDERING UNUSED SLOTS ALSO BEING CONSIDERED; APPARENTLY THESE SLOTS NOT AVAILABLE TO US AIRLINES IN ANY CASE AND LOSS ONLY ON PAPER. REGARDING NO ON-ROUTE CHARTERS BY AM, US WOULD AT MINIMUM REQUIRE SIMILAR RESTRICTION ON JAL OF SAIPAN ROUTE. US IS PREPARED TO
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ACCEPT JAL'S TURNAROUND AT SAIPAN AND CONSIDERATION OF SAIPAN ROUTE AND POSSIBLE BEYOND RIGHTS IN REVISION TALKS.

5. US SUPPLEMENTAL CHARTERS: ALTHOUGH USDEL REVIEWED LONG-TERM INTEREST IN CONCLUDING A FORMAL AGREEMENT COVERING CHARTER FLIGHTS BY ALL US AIRLINES, DISCUSSION CENTERED PRIMARILY ON IMPLEMENTATION OF 70 FLIGHT QUOTA FOR US SUPPLEMENTAL AIRLINES GRANTED BY GOJ. JDEL MAINTAINED SLOTS COULD BE CONSIDERED NO MORE THAN 30 DAYS BEFORE USE. USDEL EXPLAINED SUPPLEMENTALS, NOT HAVING SLOTS IN HAND LIKE SCHEDULED AIRLINES, REQUIRED SIX-MONTH NOTICE AND ASKED HOW AIR MANILA AND STERLING AIRLINES WERE ABLE OBTAIN SLOTS FOR SOME 200 CHARTERS IN 1976 WHILE US SUPPLEMENTALS RECEIVED VIRTUALLY NONE. THESE AND OTHER PROBING QUESTIONS BY USDEL WERE NEVER FULLY ANSWERED. HOWEVER, AFTER STRONG PRODDING BY USDEL, JDEL AGREED TO STUDY PROBLEM.

6. JAPAN'S REVISION PROPOSALS RE CAPACITY, AIRLINE DESIGNATION AND ROUTES: AFTER SOME SPARRING IN WHICH USDEL SAID THAT BECAUSE SAIPAN AND CHARTER ISSUES UNRESOLVED, IT MUST HEAR JAPANESE PRESENTATION IN SILENCE, JDEL PRESENTED REVISION PROPOSALS. NO SURPRISES WERE INCLUDED. JDEL CALLED FOR PREDETERMINATION OF CAPACITY AND 50-50 SHARE, LIMITATION ON DESIGNATED AIRLINES AND MIRROR RECIPROCITY ON ROUTES. JDEL LISTED FOUR ROUTES WHICH WOULD BE SAME FOR EACH COUNTRY. EACH ROUTE WAS BETWEEN TOKYO/OSAKA/OKINAWA AND (1) ANCHORAGE/BOSTON/CHICAGO/NEW YORK (GREAT CIRCLE); (2) LOS ANGELES/PORTLAND/SAN FRANCISCO/SEATTLE AND THEN TO ATLANTA/BOSTON/CHICAGO/DALLAS-FT WORTH/HOUSTON/MIAMI/MINNEAPOLIS/NEW YORK/WASHINGTON (NORTH PACIFIC); (3) HONOLULU AND THEN TO LOS ANGELES/PORTLAND/SAN FRANCIS-

CO/SEATTLE (MID PACIFIC); AND (4) GUAM AND MICRONESIA.
BEYOND RIGHTS FOR JAPAN WOULD BE: NYC-SAO PAULO/RIO OR
LOS ANGELES-SAO PAULO/RIO; NYC-LONDON/PARIS; AND SAN
FRANCISCO-MEXICO CITY/CANCUN.

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7. WHEN IT BECAME APPARENT NO PROGRESS COULD BE MADE
UNLESS USDEL MADE SOME RESPONSE TO JDEL'S PROPOSALS, USDEL
ON APR 7 MADE FOLLOWING STATEMENT: QUOTE...SO FAR IN TALKS
THIS WEEK, WE HAVE DISCUSSED TWO MATTERS WHICH ARISE UNDER
CURRENT AGREEMENTS AND UNDERSTANDINGS, I.E., SAIPAN AND
SUPPLEMENTALS. AND WE HAVE HEARD YOUR PROPOSALS FOR
CHANGES IN THE CURRENT AGREEMENT WHICH ARE OF A FAR REACH-
ING NATURE. AS YOU KNOW, WE DO NOT CONSIDER IT APPROPRIATE
TO CONSIDER CHANGES IN THE AGREEMENT WHILE THERE IS UNRE-
SOLVED BETWEEN US IMPLEMENTATION OF CERTAIN RIGHTS CLEARLY
PROVIDED IN THE EXISTING AGREEMENT, PARTICULARLY WHEN
IMPORTANCE OF THOSE RIGHTS HAS NOTHING TO DO WITH YOUR
PERCEPTION THAT THE AGREEMENT IS IMBALANCED. WE REAFFIRM
THAT POSITION. WE APPRECIATE THAT THERE MAY BE PRACTICAL
PROBLEMS IN IMPLEMENTING THE SAIPAN ROUTE AND IN ARRANGING
SLOTS FOR CHARTERS BY US SUPPLEMENTAL AIRLINES. WE ARE
CONVINCED THAT THESE CAN BE RESOLVED WITH GOOD WILL AND
ACCEPTANCE OF COMMITMENTS ENTERED INTO. WE ARE NOT
PREPARED, HOWEVER, AS YOU WOULD HAVE US DO, TO ACCEPT SOME
OF THE LONG-TERM CHANGES THAT YOU WANT AS A PRICE FOR
OBTAINING YOUR CONSENT TO IMPLEMENT RIGHTS WHICH THE US
ALREADY HAS. MOREOVER, THE USG HAS A POLITICAL OBLIGATION
TO THE PEOPLE OF THE TRUST TERRITORY TO IMPLEMENT THE
SAIPAN ROUTE WITHOUT ANY FURTHER DELAY.

QUOTE. HOWEVER, IT WOULD NOT BE FAIR FOR US TO REMAIN
SILENT ON YOUR PROPOSALS FOR CHANGES IN THE AGREEMENT. WE
WILL RESPOND TO YOUR PROPOSALS. BUT, OUR RESPONSE HAS A
CONDITION ATTACHED TO IT, NAMELY, THAT THE US CANNOT PRO-
CEED TO ANY FURTHER CONSIDERATION OF YOUR PROPOSALS UNTIL
THE SAIPAN QUESTION IS SETTLED AND SOME MEANS IS FOUND TO
AMELIORATE THE IMPACT OF THE SLOT ALLOCATION MECHANISM ON
THE US SUPPLEMENTALS.

QUOTE. THE CHANGES YOU WANT ARE, AS I SAID, FAR-REACHING.
THEY ARE MORE THAN THAT--THEY ARE RADICAL PROPOSALS WHICH
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WOULD COMPLETELY ALTER THE NATURE OF OUR AVIATION RELATION-

SHIP. WE FIRMLY BELIEVE THESE CHANGES WOULD DAMAGE NOT ONLY THE AIRLINE COMPANIES AND THE TRAVELING AND SHIPPING PUBLIC BUT ALSO THE INTERESTS OF AN EFFICIENT WORLDWIDE AIR TRANSPORTATION SYSTEM. THE "NEW ORDER" WHICH YOUR PROPOSALS SEEM TO REPRESENT WOULD, IN OUR VIEW, BE A MAJOR STEP BACKWARD. THE COUNTRIES OF THE WORLD SURELY SHOULD BE CONCERNED OVER THE THREAT WHICH RESTRICTIONISM POSES FOR THE INCREASING ECONOMIC INTERDEPENDENCE AMONG COUNTRIES. A PROPOSAL WHICH WOULD REQUIRE A 50-50 SHARING ARRANGEMENT IN AVIATION, REGARDLESS OF THE PLAY OF ECONOMIC CONDITIONS, STRIKES US AS NOT ONLY THE WORST POSSIBLE POLICY BUT ONE WHICH IS COMPLETELY INCONSISTENT WITH THE PROFESSED POLICIES OF BOTH COUNTRIES IN OTHER ECONOMIC RELATIONSHIPS. LET US TAKE A HARD LOOK AT THE JAPANESE PROPOSALS. FIRST, ROUTES WOULD BE ESTABLISHED ON A MIRROR RECIPROCITY OR DOUBLE-TRACKED BASIS. THIS MAY HAVE AN OPTICAL APPEAL, BUT IT HAS NO FOUNDATION IN ECONOMIC REALITY. ROUTES ARE SIMPLY A DESCRIPTION OF POINTS BETWEEN WHICH AIRPLANES FLY. BUT A ROUTE BETWEEN A AND B FOR AIRLINES OF TWO COUNTRIES DOES NOT MEAN THAT EACH AIRLINE CAN BENEFIT EQUALLY. US AND JAPAN HAVE DIFFERENT GEOGRAPHIC SITUATIONS AND MARKETS ARE DIFFERENT. US IS A LARGE LAND MASS. IT HAS RIGHT TO CARRY DOMESTIC FLOWS TO GATEWAYS, NOT ONLY AS MATTER OF SOVEREIGNTY BUT ALSO BECAUSE THIS IS MOST EFFICIENT SYSTEM. NO COUNTRY HAS A CLAIM TO OPERATE TO EVERY POINT IN US SERVED BY US AIRLINES, WHICH IS VIRTUALLY WHAT JAPAN IS ASKING.

SECONDLY, USG IS UNALTERABLY OPPOSED TO ANY SYSTEM WHICH REQUIRES A 50-50 SHARE. THIS HAS BEEN REVIEWED AT HIGHEST LEVELS USG. IT IS OBJECTIONABLE IN PRINCIPLE AND ALSO BECAUSE REAL WORLD EFFECT IS TO HOLD BACK ONE SIDE TO THE LEVEL OF THE OTHER. THIS WILL DEPRESS MARKET, HARM TRAVELING AND SHIPPING PUBLIC, ADVERSELY AFFECT TRADE BETWEEN TWO COUNTRIES, AND RESULT IN AIRLINE INEFFICIENCIES LEADING

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TO HIGHER COSTS. THE ONLY PRINCIPLE US WILL ACCEPT IS THAT EACH SIDE HAVE EQUAL OPPORTUNITY TO ACHIEVE EQUAL RESULTS. THERE IS NO REASON WHY A PROPERLY STRUCTURED AGREEMENT CANNOT GIVE EQUAL OPPORTUNITY, WITHOUT EITHER SIDE ACQUIRING AN UNSURPASSABLE ADVANTAGE.

THIRDLY, YOUR PROPOSAL FOR SINGLE DESIGNATION PER ROUTE IS, IN EFFECT, ASKING US TO CHANGE OUR INTERNAL AVIATION POLICIES. PARTICULARLY WHEN VIEWED IN LIGHT YOUR ROUTE PROPOSAL, US WOULD HAVE TO REARRANGE ITS DOMESTIC SYSTEM COMPLETELY SO THAT ONLY ONE US AIRLINE COULD OPERATE ON THE ARBITRARILY DIVIDED ROUTES YOU HAVE PROPOSED. THIS IS COMPLETELY UNACCEPTABLE. IN OUR VIEW, THE AGREEMENT MUST

CONTINUE TO PROVIDE FOR MULTIPLE DESIGNATION. THE CRITERIA FOR AIRLINE SELECTION SHOULD BE AVAILABLE TRAFFIC, PROFITABILITY, A SOUND TRANSPORTATION SYSTEM, AND OTHER NORMAL ECONOMIC FACTORS.

THE JAPANESE PROPOSALS ARE PUT FORTH FOR THE PURPOSE OF CORRECTING WHAT THE JAPANESE SIDE PERCEIVES TO BE AN IMBALANCE IN BENEFITS. WE HAVE DISCUSSED THE IMBALANCE QUESTION BEFORE AND WE WILL GIVE YOU THE 1976 FIGURES. IN OUR VIEW, THE US-JAPAN AVIATION RELATIONSHIP IS NOT IMBALANCED. THE BENEFIT DATA DO NOT TELL THE FULL STORY.

FIRST, IN OUR VIEW, THE US TRANSIT TRAFFIC SHOULD NOT BE COUNTED AND FIFTH FREEDOM TRAFFIC VALUED AT HALF.

SECONDLY, JAPAN DERIVES SIGNIFICANT BENEFITS FROM SIXTH FREEDOM WHICH NOT SHOWN IN THE DATA. SIXTH FREEDOM TRAFFIC IS BENEFIT WHICH JAPAN DERIVES FROM ROUTES BETWEEN US AND JAPAN AND MUST BE INCLUDED AS A JAPANESE BENEFIT.

THIRDLY, JAPAN IS NOT USING SOME RIGHTS IT HAS, SUCH AS BEYOND NYC AND OF COURSE SAIPAN. THESE OPPORTUNITIES ARE AVAILABLE AND MUST BE INCLUDED IN BALANCE.
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FOURTHLY, PAN AM'S SUCCESS AT NYC ATTRIBUTABLE TO B-747-SP AND CANNOT BE CONSIDERED PERMANENT. WHEN JAL OPERATES COMPETITIVE SERVICE, EDGE COULD DISAPPEAR.

FIFTHLY, IN VIEW JAL'S PREPONDERANCE IN CHARTER FLIGHTS OVER PAST TWO YEARS, IT IS DIFFICULT FOR US TO SEE WHY OVERALL AVIATION RELATIONSHIP IS IMBALANCED.

SIXTHLY, WHILE US HAS RIGHTS AT TOKYO, OSAKA, AND NAHA, ONLY TOKYO IS SIGNIFICANT BECAUSE OF RESTRICTIONS AT OSAKA AND SMALL TRAFFIC BASE AT NAHA.

SEVENTH, WHILE US HAS OPEN BEYONDS, IT CAN SERVE ONLY A LIMITED NUMBER.

US RECOGNIZES, HOWEVER, THAT IT IS JAPAN'S PERCEPTION THAT AGREEMENT IS IMBALANCED. WE ARE NOT UNREASONABLE. WHILE WE CANNOT ACCEPT THE MIRROR RECIPROCITY APPROACH ON ROUTES, WE ARE PREPARED TO CONSIDER A REASONABLE JAPANESE PROPOSAL ON ROUTES. OUR CONSIDERATION CAN BEGIN THE MINUTE THE SAIPAN ISSUE IS RESOLVED AND AN ACCEPTABLE MEANS IS FOUND TO AMERLIORATE THE IMPACT OF THE SLOT ALLOCATION MECHANISM ON US SUPPLEMENTAL AIRLINES. UNQUOTE. END STATEMENT.

8. QUESTIONS IN DIET: INTERNAL TENSIONS AMONG JAPANESE
DEL CAME OUT IN THURSDAY AFTERNOON SESSION FOLLOWING
PRIVATE TALK BETWEEN DELEGATION LEADERS. AS PART OF
MUTUALLY AGREED FORMULA TO GET TALKS OFF DEAD CENTER, USDEL
ANNOUNCED IT WAS PREPARED TO CONSIDER REASONABLE CAPACITY
ARRANGEMENT DURING REVISION TALKS. INSTEAD OF WELCOMING
STATEMENT AND, IN TURN, SHOWING FLEXIBILITY IN SAIPAN CON-
DITIONS, JDEL SPOKESMAN (YAMAJI) SAID HE WAS NOT INTERESTED
IN US STATEMENT AND THEN PROCEEDED TO RECOUNT WITH ALMOST
VISIBLE EMOTION INCIDENT IN DIET (REF B) WHICH RAISED
QUESTION OF TERMINATION OF AGREEMENT. WHATEVER PROBLEMS
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EXISTED, THEY WERE CLEARED UP BY FOLLOWING MORNING WHEN
USDEL WAS ASKED TO RESUBMIT STATEMENT RE CAPACITY AND JDEL
PROCEEDED TO MAKE FRIDAY PROPOSAL REGARDING SAIPAN. IN
ORDER REMOVE POSSIBLE AMBIGUITY IN US STATEMENT, IT WAS
REVISED AS FOLLOWS: QUOTE. US IS PREPARED CONSIDER DURING

THE REVISION TALKS A REASONABLE CAPACITY ARRANGEMENT
BETWEEN TWO GOVERNMENTS TO APPLY IN THE FUTURE. UNQUOTE.

9. PAN AMERICAN APRIL 24 SCHEDULE: JDEL SAID IT WAS
SURPRISED TO RECEIVE DURING NEGOTIATIONS PAA FILING FOR
CAPACITY INCREASE. JDEL EXPRESSED POSSIBILITY THAT APPLI-
CATION WOULD NOT BE APPROVED AND ASKED US TO CONSIDER
TAKING APPROPRIATE ACTION. USDEL ANSWERED THAT FILING IS
NOT NECESSARILY WHAT IT APPEARS TO BE, BUT THAT BECAUSE IT
RAISES COMPLICATED AND DELICATE QUESTIONS INVOLVING SLOT
PROBLEMS, FURTHER STUDY IS REQUIRED. (FYI ONLY--USDEL
DID NOT TELL JDEL THAT PART OF PAA FILING DEALING WITH
PASSENGER FLIGHTS WAS NOT SCREENED. END FYI.)
DEPT NOW REVIEWING SCHEDULE WITH PAA.

10. CAB CHARTER LETTER: USDEL EXPLAINED LETTER RESULTED
FROM US SUPPLEMENTAL SLOT PROBLEM AND ONCE THAT PROBLEM
RESOLVED CAB LETTER WOULD DISAPPEAR. JDEL NOTED THAT IT
PRESENTLY APPROVED US SCHEDULED AIRLINES' OFF-ROUTE CHARTER
BASED ON 1953 EXCHANGE OF NOTES AND THAT CAB ACTION MAY
FORCE JAPAN TO APPROVE NO US CHARTERS. USDEL REFRAINED
FROM SAYING WHAT ACTION CAB WOULD TAKE ON APRIL 15 DEAD-
LINE BUT PRIVATELY WE SAID ACTION MIGHT BE DEFERRED
BECAUSE JAPAN HAD AGREED STUDY SLOT PROBLEM. (FYI ONLY--
CAB NOW UNDERSTANDS FTL REGULARLY USES BLOCKED-OFF SLOT
SPACE FOR CHARTERS. END FYI.) ON APRIL 15, CAB AGAIN
STAYED EFFECTIVE DATE OF LETTER UNTIL JUNE 15.

11. OTHER TOPICS: JDEL SAID THERE WAS HIGH PROBABILITY
NARITA WOULD OPEN THIS YEAR AND WIDE-BODIED AIRCRAFT TEST
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FLIGHTS SHOULD START SHORTLY AT OSAKA. WE TOOK FORMER STATEMENT WITH GRAIN OF SALT. USDEL PRESENTED LIST OF QUESTIONS RE NOISE LEVY AND NAVIGATION CHARGES FOR JDEL TO ANSWER AFTER TALKS (COPY BEING POUCHED) AND ASKED JDEL TO STUDY NEED FOR AIRPORT FACILITIES AT HANEDA FOR ALL-CARGO B-747 AIRCRAFT. JDEL ALSO COMPLAINED AT SOME LENGTH THAT US AIRLINES ABUSED USE OF FIFTH FREEDOM TRAFFIC BEYOND JAPAN. USDEL RESPONDED THAT IT WOULD HAVE TO REVIEW TRAFFIC BEFORE IT COULD COMMENT. TRAFFIC STATISTICS FOR 1976 WERE EXCHANGED AND, ALTHOUGH DIFFERENT SYSTEMS OF CALCULATING CONTINUE LARGE DISAGREEMENT IN BALANCE OF BENEFITS, RAW DATA APPARENTLY FAIRLY CLOSE.

12. NEXT MEETING: BECAUSE POLITICALLY JAPANESE COULD ONLY MEET AGAIN TO DISCUSS BILATERAL REVISION AND US COULD NOT AGREE TO DO THIS UNTIL SAIPAN RESOLVED, IT WAS AGREED CONTINUING DIFFERENCES OVER SAIPAN WOULD BE PURSUED THROUGH "APPROPRIATE" CHANNELS. JDEL REQUESTED NEXT MEETING BE HELD IN TOKYO FOR TWO WEEKS IN EARLY MAY. USDEL RESPONDED ONLY THAT IT WOULD BE IN TOUCH.

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